

Edwards,Michelle

From: Elliott,Earl
Sent: Tuesday, July 05, 2016 9:48 AM
To: Edwards,Michelle
Subject: Fw: STORM WATER FEE
Attachments: 0550_001.pdf

FILED

JUL 05 2016

CITY CLERK

Michelle, Here is an electronic copy of the document I mailed to all City Council members and others last Friday. I mailed a copy to you. perhaps you could use this electronic copy to post on the Council website. Earl

From: contact@sackrider.com <contact@sackrider.com>

Sent: Friday, July 1, 2016 1:22 PM

To: Elliott,Earl

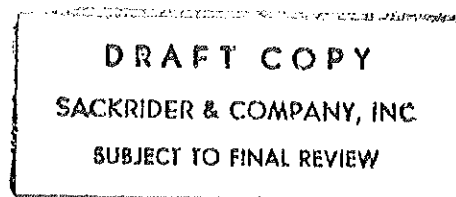
Subject: STORM WATER FEE

June 30, 2016

Members of the Terre Haute
City Council and the Board
of Sanitary Commissioners
Terre Haute, Indiana

Re: Proposed Storm Water Fee

Ladies and Gentlemen:



It just doesn't make sense to me that our Waste Water Utility (WWU) needs additional revenue in 2016 and 2017 to meet the debt service coverage requirements in the WWU loan agreements so soon after the recent series of sewer rate increases (15% on July 1, 2013, July 1, 2014 and July 1, 2015). Does it make sense to you? I concluded I should request, obtain and study the financial information to find out what the reasons might be.

Our major financial challenges appear to be:

1. The provision in the WWU loan agreements with the State of Indiana's Revolving Fund Loan Program (SRF) concerning the 125% debt service coverage requirement. This requirement means the WWU must have sufficient revenue to pay all of its operating expenses which include the PILOT and administrative fee paid to the general fund and the \$1,000,000 transferred to the Sanitary Fund. The excess of revenue minus operating expenses must exceed the annual debt service payments required to pay the principal and interest due on the bonds by 125% or more. Several of the enclosed schedules provide details of this calculation. (Your review of the schedules will help you understand it).
2. The general fund cash deficit and need for general fund revenue which apparently caused the increases in the PILOT and administrative fee for 2015 to 2016 from \$2,700,000 and \$732,000 to \$5,000,000 and \$1,232,000, respectively. These increases total \$2,800,000.
3. In addition to the debt service payments of principal and interest, the WWU is required to make monthly payments to a debt service reserve fund of \$135,292 per month through December, 2017 at which time the reserve fund should reach the required minimum balance of \$11,105,870.
4. Collecting the sewer revenue. It was reported at a recent meeting of the Sanitary Board that the collection rate is 90%. If that is true, then the non-collection rate is 10% and the amounts not collected approximate \$3,050,000 per year (10% of \$30,500,000).

Enclosed as Exhibit A you will find the financial report provided by H.J. Umbaugh & Associates dated October 26, 2012. Page 6 of this report contains the payment in lieu of taxes (PILOT) in each of the three years of \$2,200,000 and the across the board increases in present rates and charges of 15% in each of the three years. Further the bond coverage ratios at the bottom of page 6 comfortably exceed 125%.

Members of the Terre Haute
City Council and the Board
of Sanitary Commissioners
June 30, 2016
Page Two

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SACKRIDER & COMPANY, INC.

SUBJECT TO FINAL REVIEW

Enclosed as Exhibit B you will provide the financial report provided by J.L. Umbaugh & Associates dated January 6, 2016. Page 2 of this reports PILOT payments of \$2,700,000 for 2015, \$5,000,000 for 2016 and \$4,250,000 for 2017 through 2020. This same page also reports new rate increase revenue of \$3,742,000 for 2016, and \$5,613,000 for 2017 through 2020. The resulting ProForma Debt Service Coverage including sanitary transfers and PILOT ratios are 139% for 2016, 161% for 2017, 132% for 2018, 125% for 2019 and 126% for 2020.

Two important observations are:

1. Revenue must be present to offset the PILOT and administrative fee expense paid by the WWU to the general fund.
2. The 139.2% for 2016 and 161.3% for 2017 coverage ratios are well above the 125% requirement. This indicates the new revenue for 2016 and 2017 is much higher than necessary to meet the 125% requirement for these two years.

Enclosed as Exhibit C are schedules I prepared to illustrate the debt service coverage calculations for 2016 through 2020 from Umbaugh's January 6, 2016 report, adjustments that I believe could be made and the resulting revised debt service calculation. The adjustments that I believe could be made are:

- A. Reduce operating disbursements – general by \$1,250,000 to reflect unspent \$\$ in the contractual services budget and acknowledge that the operating disbursements – general balance used by Umbaugh exceeds the 2016 WWU budget by about \$232,000.
- B. Eliminate the \$500,000 increase in the admin fee payable to the general fund.
- C. Reduce the PILOT payment to \$4,000,000 per year for 2016 through 2020. (Perhaps some of you think that \$4,000,000 is too high.)
- D. Reduce the new revenue to the level necessary to have an acceptable required debt service coverage ratio.

The Exhibit C schedules for 2016 and 2017 indicate that an acceptable result can be met with much less new revenue if all the expense adjustments are made.

The Exhibit C schedules for 2018, 2019 and 2020 indicate much more new revenue will be needed due to the new bond issues totaling \$43.8 million to pay off the \$6.0 million loan from Vigo County and \$37.8 million for the next phase of the long-term control plan.

The \$1,500,000 total reduction in the 2016 PILOT and admin fee to the general fund can be offset by the \$850,000 windfall the EMS non-reverting fund received from Medicare and the 25% of the \$1,700,000 received by the EDIT fund from the State of Indiana that can be used for any purpose.

The Exhibit D schedules enclosed illustrate my calculations of the debt service coverage ratio starting with amounts directly from the 2016 WWU budget, identifying needed corrections to get to amounts in the 2016 corrected column. Note the \$3,050,000 reduction in user and other fee revenue and the \$4,815,776 increase in Debt service for O/S revenue supported bonds are very significant. Note that

Members of the Terre Haute
City Council and the Board
of Sanitary Commissioners
June 30, 2016
Page Three

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SACKRIDER & COMPANY, INC.

the computed ratio is only 100.1%. To achieve a ratio of 125%, \$2,700,000 of expense reductions or revenue increases are needed. I chose to illustrate reductions in the administrative fee and PILOT fee paid to the general fund. This \$2,700,000 is only \$100,000 less than the \$2,800,000 total increase in these fees.

In order to proceed, I believe the City Administration, City Council and Board of Sanitary Commissioners need to reach an understanding on what the annual amounts of the administrative fee and PILOT fee paid by the WWU to the general fund should be for 2016 through 2020. Even though these consensus amounts are probably not binding, they are very significant to the 125% debt service coverage ratio calculations and the resulting new revenue required to achieve the 125% coverage.

The new revenue amounts that appear in the Exhibit C schedules are certainly subject to change if any of the amounts included on these schedules change. As a result, I encourage you to review the calculations thoroughly, provide input, ask questions, suggest changes, etc. so we get these calculations as accurate as possible.

The new revenue amounts per Exhibit C can be summarized as follows:

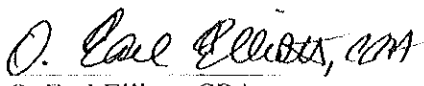
2016	\$ 1,500,000
2017	\$ 1,750,000
2018	\$ 4,800,000
2019	\$ 5,613,300
2020	\$ 5,613,300

The steep increase from 2017 to 2018 and beyond is significant. Achieving lower revenue targets the first two years and higher revenue targets for later years may be a challenge. I do not believe generating higher revenue than necessary the first two years is the answer. We could start with lower amounts and increase them beginning in 2018. This will help the fee payers ease these payments into their budgets.

I realize this is a lot of information. I did challenge myself to include only relevant information. I look forward to your response.

Very truly yours,

SACKRIDER & COMPANY, INC.

By 
O. Earl Elliott, CPA
City Council District 2

OEE/tlb



H. J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240-2687

Phone: 317-465-1500
Fax: 317-465-1550
www.umbaugh.com

October 26, 2012

Board of Commissioners
Terre Haute Sanitary District
City of Terre Haute
17 Harding Avenue
Terre Haute, Indiana 47807-3430

Re: Terre Haute Sanitary District – Wastewater Utility
Wastewater Treatment Plant Improvement Project and Related Wastewater Utility Rate Increase

Dear Board of Commissioners:

The attached schedules (listed below) present unaudited and limited information for the purpose of discussion and consideration in the preliminary planning stage of the Wastewater Treatment Plant Improvement Project and related increase in Wastewater Utility rates by the appropriate officers, officials and advisors of the Terre Haute Sanitary District. The use of these schedules should be restricted to this purpose, for internal use only, as the information is subject to future revision and final report.

Page(s)

2	Schedule of Estimated Project Costs and Funding
3	Illustrative Amortization of \$138,870,000 Principal Amount of Proposed Sanitary District Revenue Bonds of 2012, Series A
4	Illustrative Amortization of \$1,000,000 Principal Amount of Proposed Sanitary District Revenue Bonds of 2012, Series B
5	Schedule of Proposed Combined Bond Amortization
6 – 7	Pro Forma Annual Revenue Requirements and Available Revenues
8	Schedule of Present and Proposed Rates and Charges

We would appreciate your questions or comments on this information and would provide additional information upon request.

Very truly yours,

UMBAUGH


Gerald G. Malone

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

SCHEDULE OF ESTIMATED PROJECT COSTS AND FUNDING
(Treatment Plant Project)
(Per Consulting Engineer)

Estimated Project Costs - Phase II:

Construction Costs:	
Construction Costs*	\$114,405,000
Brownfield Remediation	6,800,000
Construction Contingencies (3%)	<u>3,435,000</u>
 Total Estimated Construction Costs	 <u>124,640,000</u>
 Estimated Non-Construction Costs:	
Engineering	6,600,000
Operation and Maintenance Manual	1,500,000
Resident Representative (City Contract with American Structurepoint)	6,492,300
Allowance for Bond Counsel, Local Counsel, Financial Advisory	
Services and Rounding	207,700
Capitalized Interest	<u>340,000</u>
 Total Estimated Non-Construction Costs	 <u>15,140,000</u>
 Total Estimated Project Costs	 <u>\$139,780,000</u>

Estimated Project Funding - Phase II:

Proposed Sanitary District Revenue Bonds of 2012, Series A	\$138,780,000
Proposed Sanitary District Revenue Bonds of 2012, Series B	<u>1,000,000</u>
 Total Estimated Project Funding	 <u>\$139,780,000</u>

*Includes anticipated Change Order #1 to reduce the Construction Costs by \$1,025,000.

(Subject to the comments in the letter dated October 26, 2012)
(Preliminary - Subject to Change)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

**ILLUSTRATIVE AMORTIZATION OF \$138,780,000 PRINCIPAL AMOUNT
OF PROPOSED SANITARY DISTRICT REVENUE BONDS OF 2012, SERIES A**

Principal Payable Semiannually, January 1st and July 1st, beginning July 1st, 2016

Interest Payable Semiannually, January 1st and July 1st, beginning July 1st, 2013.

Assumed Interest Rate as Indicated.

Assumes Bonds Dated December 13, 2012

Payment Date	Principal Balance (In \$1,000s)	Assumed Interest Rate* (%)	Debt Service			Bond Year Total
			Principal (In \$1,000s)	Interest	Capitalized Interest Total	
07/01/13	\$138,780			\$2,541,755.70	(\$340,000.00)	\$2,201,755.70
01/01/14	138,780			2,310,687.00		\$4,512,442.70
07/01/14	138,780			2,310,687.00		
01/01/15	138,780			2,310,687.00		4,621,374.00
07/01/15	138,780			2,310,687.00		
01/01/16	138,780			2,310,687.00		4,621,374.00
07/01/16	138,780	3.33	\$2,180	2,310,687.00		
01/01/17	136,600	3.33	2,210	2,274,390.00		8,975,077.00
07/01/17	134,390	3.33	2,245	2,237,593.50		
01/01/18	132,145	3.33	2,285	2,200,214.25		8,967,807.75
07/01/18	129,860	3.33	2,320	2,162,169.00		
01/01/19	127,540	3.33	2,360	2,123,541.00		8,965,710.00
07/01/19	125,180	3.33	2,395	2,084,247.00		
01/01/20	122,785	3.33	2,435	2,044,370.25		8,958,617.25
07/01/20	120,350	3.33	2,480	2,003,827.50		
01/01/21	117,870	3.33	2,515	1,962,535.50		8,961,363.00
07/01/21	115,355	3.33	2,560	1,920,660.75		
01/01/22	112,795	3.33	2,600	1,878,036.75		8,958,697.50
07/01/22	110,195	3.33	2,645	1,834,746.75		
01/01/23	107,550	3.33	2,685	1,790,707.50		8,955,454.25
07/01/23	104,865	3.33	2,730	1,746,002.25		
01/01/24	102,135	3.33	2,770	1,700,547.75		8,946,550.00
07/01/24	99,365	3.33	2,820	1,654,427.25		
01/01/25	96,545	3.33	2,865	1,607,474.25		8,946,901.50
07/01/25	93,680	3.33	2,910	1,559,772.00		
01/01/26	90,770	3.33	2,955	1,511,320.50		8,936,092.50
07/01/26	87,815	3.33	3,005	1,462,119.75		
01/01/27	84,810	3.33	3,050	1,412,086.50		8,929,206.25
07/01/27	81,760	3.33	3,105	1,361,304.00		
01/01/28	78,655	3.33	3,150	1,309,605.75		8,925,909.75
07/01/28	75,505	3.33	3,200	1,257,158.25		
01/01/29	72,305	3.33	3,255	1,203,878.25		8,916,036.50
07/01/29	69,050	3.33	3,305	1,149,682.50		
01/01/30	65,745	3.33	3,355	1,094,654.25		8,904,336.75
07/01/30	62,390	3.33	4,435	1,038,793.50		
01/01/31	57,955	3.33	4,510	964,950.75		10,948,744.25
07/01/31	53,445	3.33	4,585	889,859.25		
01/01/32	48,860	3.33	4,660	813,519.00		10,948,378.25
07/01/32	44,200	3.33	5,210	735,930.00		
01/01/33	38,990	3.33	5,300	649,183.50		11,895,113.50
07/01/33	33,690	3.33	5,385	560,938.50		
01/01/34	28,305	3.33	5,475	471,278.25		11,892,216.75
07/01/34	22,830	3.33	5,565	380,119.50		
01/01/35	17,265	3.33	5,660	287,462.25		11,892,581.75
07/01/35	11,605	3.33	5,755	193,223.25		
01/01/36	5,850	3.33	5,850	97,402.50		11,895,625.75
Totals			\$138,780	\$70,035,610.75	(\$340,000.00)	\$208,475,610.75

* Assumed interest rate of 3.74% provided by SRF, reduced to offset costs of Brownfield Remediation

(Subject to the comments in the letter dated October 26, 2012)

(Preliminary - Subject to Change)

(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

**ILLUSTRATIVE AMORTIZATION OF \$1,000,000 PRINCIPAL AMOUNT
OF PROPOSED SANITARY DISTRICT REVENUE BONDS OF 2012, SERIES II**
Principal Payable Semiannually, January 1st and July 1st, beginning July 1st, 2013
Assumes Bonds Dated December 13, 2012

Payment Date	Principal Balance (In \$1,000s)	Assumed Interest Rate (%)	Debt Service			Bond Year Total
			Principal (In \$1,000s)	Interest	Total	
07/01/13	\$1,000			\$0.00	\$0.00	
01/01/14	1,000			0.00	0.00	\$0.00
07/01/14	1,000	0.00	\$25	0.00	25,000.00	
01/01/15	975	0.00	25	0.00	25,000.00	50,000.00
07/01/15	950	0.00	25	0.00	25,000.00	
01/01/16	925	0.00	25	0.00	25,000.00	50,000.00
07/01/16	900	0.00	25	0.00	25,000.00	
01/01/17	875	0.00	25	0.00	25,000.00	50,000.00
07/01/17	850	0.00	25	0.00	25,000.00	
01/01/18	825	0.00	25	0.00	25,000.00	50,000.00
07/01/18	800	0.00	25	0.00	25,000.00	
01/01/19	775	0.00	25	0.00	25,000.00	50,000.00
07/01/19	750	0.00	25	0.00	25,000.00	
01/01/20	725	0.00	25	0.00	25,000.00	50,000.00
07/01/20	700	0.00	25	0.00	25,000.00	
01/01/21	675	0.00	25	0.00	25,000.00	50,000.00
07/01/21	650	0.00	25	0.00	25,000.00	
01/01/22	625	0.00	25	0.00	25,000.00	50,000.00
07/01/22	600	0.00	25	0.00	25,000.00	
01/01/23	575	0.00	25	0.00	25,000.00	50,000.00
07/01/23	550	0.00	25	0.00	25,000.00	
01/01/24	525	0.00	25	0.00	25,000.00	50,000.00
07/01/24	500	0.00	25	0.00	25,000.00	
01/01/25	475	0.00	25	0.00	25,000.00	50,000.00
07/01/25	450	0.00	25	0.00	25,000.00	
01/01/26	425	0.00	25	0.00	25,000.00	50,000.00
07/01/26	400	0.00	25	0.00	25,000.00	
01/01/27	375	0.00	25	0.00	25,000.00	50,000.00
07/01/27	350	0.00	25	0.00	25,000.00	
01/01/28	325	0.00	25	0.00	25,000.00	50,000.00
07/01/28	300	0.00	25	0.00	25,000.00	
01/01/29	275	0.00	25	0.00	25,000.00	50,000.00
07/01/29	250	0.00	25	0.00	25,000.00	
01/01/30	225	0.00	25	0.00	25,000.00	50,000.00
07/01/30	200	0.00	25	0.00	25,000.00	
01/01/31	175	0.00	25	0.00	25,000.00	50,000.00
07/01/31	150	0.00	25	0.00	25,000.00	
01/01/32	125	0.00	25	0.00	25,000.00	50,000.00
07/01/32	100	0.00	25	0.00	25,000.00	
01/01/33	75	0.00	25	0.00	25,000.00	50,000.00
07/01/33	50	0.00	25	0.00	25,000.00	
01/01/34	25	0.00	25	0.00	25,000.00	50,000.00
Totals			\$1,000	\$0.00	\$1,000,000.00	\$1,000,000.00

Note: This bond is being issued as a Brownfield Project

(Subject to the comments in the letter dated October 26, 2012)
(Preliminary - Subject to Change)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

SCHEDULE OF PROPOSED COMBINED BOND AMORTIZATION

Payment Date	Outstanding 2005 Revenue Bonds	Outstanding 2011 Revenue Bonds	Proposed 2012A Revenue Bonds	Proposed 2012B Revenue Bonds	Total	Bond Year Total
01/01/13	\$985,102.50	\$472,258.75			\$1,457,361.25	\$1,457,361.25
07/01/13	981,965.00	472,369.90	\$2,201,755.70		3,656,090.60	
01/01/14	983,740.00	472,423.65	2,310,687.00		3,766,850.65	7,422,941.25
07/01/14	985,340.00	472,420.00	2,310,687.00	\$25,000.00	3,793,447.00	
01/01/15	986,765.00	472,358.95	2,310,687.00	25,000.00	3,794,810.95	7,588,257.95
07/01/15	986,765.00	472,240.50	2,310,687.00	25,000.00	3,794,692.50	
01/01/16	986,565.00	472,064.65	2,310,687.00	25,000.00	3,794,316.65	7,589,009.15
07/01/16	986,165.00	471,831.40	4,490,687.00	25,000.00	5,973,683.40	
01/01/17	990,565.00	472,540.75	4,484,390.00	25,000.00	5,972,495.75	11,946,179.15
07/01/17	989,665.00	472,178.35	4,482,593.50	25,000.00	5,969,436.85	
01/01/18	988,565.00	471,758.55	4,485,214.25	25,000.00	5,970,537.80	11,939,974.65
07/01/18	992,265.00	472,281.35	4,482,169.00	25,000.00	5,971,715.35	
01/01/19	990,665.00	471,732.40	4,483,541.00	25,000.00	5,970,938.40	11,942,653.75
07/01/19	993,570.00	472,126.05	4,479,247.00	25,000.00	5,969,943.05	
01/01/20	996,167.50 ^P	472,447.95	4,479,370.25	25,000.00	5,972,985.70	11,942,928.75
07/01/20	993,302.50	471,698.10	4,483,827.50	25,000.00	5,973,828.10	
01/01/21	995,230.00	471,890.85	4,477,535.50	25,000.00	5,969,656.35	11,943,484.45
07/01/21	995,717.50	472,011.85	4,480,660.75	25,000.00	5,973,390.10	
01/01/22	995,867.50	472,061.10	4,478,036.75	25,000.00	5,970,965.35	11,944,355.45
07/01/22	995,680.00	472,038.60	4,479,746.75	25,000.00	5,972,465.35	
01/01/23	1,000,155.00	471,944.35	4,475,707.50	25,000.00	5,972,806.85	11,945,272.20
07/01/23	999,180.00	471,778.35	4,476,002.25	25,000.00	5,971,960.60	
01/01/24	1,002,867.50	472,540.60	4,470,547.75	25,000.00	5,970,955.85	11,942,916.45
07/01/24	1,001,105.00	472,216.75	4,474,427.25	25,000.00	5,972,749.00	
01/01/25	1,004,005.00	471,821.15	4,472,474.25	25,000.00	5,973,300.40	11,946,049.40
07/01/25	1,006,455.00	472,353.80	4,469,772.00	25,000.00	5,973,580.80	
01/01/26	1,008,455.00	471,800.35	4,466,320.50	25,000.00	5,971,575.85	11,945,156.65
07/01/26	1,009,800.00	472,175.15	4,467,119.75	25,000.00	5,974,094.90	
01/01/27	1,010,690.00	472,463.85	4,462,086.50	25,000.00	5,970,240.35	11,944,335.25
07/01/27	1,010,910.00	471,666.45	4,466,304.00	25,000.00	5,973,880.45	
01/01/28	1,015,670.00	471,797.30	4,459,605.75	25,000.00	5,972,073.05	11,945,953.50
07/01/28	1,019,628.75	471,842.05	4,457,158.25	25,000.00	5,973,629.05	
01/01/29	1,018,006.25	471,800.70	4,458,878.25	25,000.00	5,973,685.20	11,947,314.25
07/01/29	1,020,918.75	471,673.25	4,454,682.50	25,000.00	5,972,274.50	
01/01/30	1,023,250.00	472,459.70	4,449,654.25	25,000.00	5,970,363.95	11,942,638.45
07/01/30		472,145.70	5,473,793.50	25,000.00	5,970,939.20	
01/01/31		471,745.60	5,474,950.75	25,000.00	5,971,696.35	11,942,635.55
07/01/31		472,259.40	5,474,859.25	25,000.00	5,972,118.65	
01/01/32		471,672.75	5,473,519.00	25,000.00	5,970,191.75	11,942,310.40
07/01/32			5,945,930.00	25,000.00	5,970,930.00	
01/01/33			5,949,183.50	25,000.00	5,974,183.50	11,945,113.50
07/01/33			5,945,938.50	25,000.00	5,970,938.50	
01/01/34			5,946,278.25	25,000.00	5,971,278.25	11,942,216.75
07/01/34			5,945,119.50		5,945,119.50	
01/01/35			5,947,462.25		5,947,462.25	11,892,581.75
07/01/35			5,948,223.25		5,948,223.25	
01/01/36			5,947,402.50		5,947,402.50	11,895,625.75
Totals	\$34,950,763.75	\$18,410,890.95	\$208,475,610.95	\$1,000,000.00	\$262,837,265.65	\$262,837,265.65

Average annual principal and interest payment for the 18 bond years ending January 1, 2034

\$11,943,971.59

(Subject to the comments in the letter dated October 26, 2012)
(Preliminary - Subject to Change)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

**PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND AVAILABLE REVENUES**

(Amounts rounded to the nearest \$100)
(See explanation of references, page 7)

Revenue Requirements:	Phase I (7/1/13)	Proposed Phase II (7/1/14)	Phase III (7/1/15)
Pro forma operation and maintenance disbursements (1)	\$9,256,700	\$9,534,400	\$9,820,400
Additional operation and maintenance disbursements (2)			1,500,000
Additional operation and maintenance disbursements (3)	1,000,000	1,000,000	1,000,000
Debt service:			
2005 Bonds (4)	2,044,200	2,044,200	2,044,200
2011 Bonds (5)	944,800	944,800	944,800
Proposed 2012A Bonds (6)	4,433,900	4,550,000	8,905,000
Proposed 2012B Bonds (7)		50,000	50,000
2011 Bonds debt service reserve (8)	188,800	188,800	188,800
2012A Bonds debt service reserve (9)	1,781,800	1,781,800	1,781,800
2012B Bonds debt service reserve (10)	10,000	10,000	10,000
Allowance for replacements and improvements (11)	815,000	3,663,000	1,455,000
Payment in lieu of taxes (P.L.T.) (12)	2,200,000	2,200,000	2,200,000
Total Revenue Requirements	22,675,200	25,967,000	29,900,000
Less interest income (13)	(12,100)	(12,100)	(12,100)
Total Net Revenue Requirements	\$22,663,100	\$25,954,900	\$29,887,900
Available Revenue:			
User fees (14)	\$19,327,500	\$19,327,500	\$19,327,500
Additional revenue from Phase I increase (15)		2,891,400	2,891,400
Additional revenue from Phase II increase (15)			3,291,800
Certifications (13)	217,900	217,900	217,900
Septic hauling (13)	106,600	106,600	106,600
Lab analysis (13)	10,100	10,100	10,100
Permits and taps (13)	109,600	109,600	109,600
Total Available Revenue	\$19,771,700	\$22,663,100	\$25,954,900
Additional Revenue Required	\$2,891,400	\$3,291,800	\$3,933,000
Across-The-Board Increase in Present Rates and Charges	15%	15%	15%
Resulting Minimum Residential Monthly Bill (\$15.21 presently for 313 cubic feet or less)	\$17.50	\$20.13	\$23.16
Resulting Approximate Average Residential Monthly Bill (\$32.42 presently for 667 cubic feet)	\$57.29	\$42.89	\$49.36
Bond Coverage	167%	203%	147%
Bond Coverage including P.L.T.	138%	174%	129%

(Continued on next page)

(Subject to the comments in the letter dated October 26, 2012)
(Preliminary - Subject to Change)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

(Cont'd)

PRO FORMA ANNUAL REVENUE REQUIREMENTS
AND AVAILABLE REVENUES
(Explanation of References)

- (1) Based on the Wastewater Utility's operating budget for 2012, adjusted for items included in the contractual services line item that are considered to be capital in nature. Each phase is increased 3% to allow for unforeseen contingencies and inflation.
- (2) Assumes the Wastewater Utility will incur approximately \$1,500,000 in additional costs due to the proposed project, per the consulting engineer.
- (3) Assumes the Wastewater Utility will absorb approximately \$1,000,000 in additional costs from the Sanitary District.
- (4) Based on the maximum annual debt service on the 2005 Bonds.
- (5) Based on the maximum annual debt service on the 2011 Bonds.
- (6) Phase I is based on the January 1, 2014 bond year debt service payment (see page 5), less the amounts allocated to the 2005 Bonds and 2011 Bonds. Phase II is based on the January 1, 2016 bond year debt service payment (see page 5), less the amounts allocated to the 2005 Bonds and the 2011 Bonds. Phase III is based on the average annual combined debt service after issuance of the proposed 2012A Bonds and 2012B Bonds (see page 5).
- (7) Based on the maximum annual debt service on the proposed 2012B Bonds.
- (8) Based on a five-year funding of the 2011 Bonds debt service reserve.
- (9) Based on a five-year funding of the 2012A Bonds debt service reserve.
- (10) Based on a five-year funding of the 2012B Bonds debt service reserve.
- (11) Based on a minimum level of replacements and improvements of \$815,000. The amounts for Phases II and III are increased to allow for equal rate increases.
- (12) Assumes a payment in lieu of tax of \$2,200,000 per year.
- (13) Based on calendar year 2011 amounts.
- (14) Based on normalized revenues for the Phase II rate increase, which became effective January 1, 2012.
- (15) Based on the Additional Revenue Required for Phase I and Phase II.

(Subject to the comments in the letter dated October 26, 2012)
(Preliminary - Subject to Change)
(Internal Use Only)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES

		Present Rates (1)	Proposed			
(1)	<u>Metered Rates:</u>		<u>Phase I (2)</u>	<u>Phase II (3)</u>	<u>Phase III (4)</u>	
	All billed flow (per 100 cubic feet)	\$4.86	\$5.59	\$6.43	\$7.40	
(2)	<u>Minimum Charge</u>		<u>Monthly Charge</u>			
	Minimum Cubic Feet Allowed					
	All meters	313	\$15.21	\$17.50	\$20.13	\$23.16
(3)	<u>Unmetered Users</u>		<u>Monthly Charge</u>			
	Minimum Cubic Feet Allowed					
		667	\$32.42	\$37.29	\$42.89	\$49.36

(1) The present rates and charges were adopted on July 8, 2010 per Ordinance No. 9, 2010 and became effective on January 1, 2012.

(2) Represents a 15% across-the-board rate increase on Present rates and charges.

(3) Represents a 15% across-the-board rate increase on Proposed Phase I rates and charges.

(4) Represents a 15% across-the-board rate increase on Proposed Phase II rates and charges.

(Subject to the comments in the letter dated October 26, 2012)
(Preliminary - Subject to Change)
(Internal Use Only)

UMBAUGH

H. J. Umbaugh & Associates
Certified Public Accountants, LLP
8365 Keystone Crossing
Suite 300
Indianapolis, IN 46240-2687
Phone: 317-465-1500
Fax: 317-465-1550
www.umbaugh.com

January 6, 2016

Ms. Leslie Ellis, Controller
City of Terre Haute
17 Harding Avenue
Terre Haute, Indiana 47807

Re: Terre Haute Sanitary District -- Wastewater Utility (the "District")

Dear Leslie:

In connection with the cash flow analysis for the District, we have, at your request, prepared this special purpose report. This special purpose report includes the following schedules:

Page (s)

2 - 3 Pro Forma Cash Flows

In the preparation of these schedules, assumptions were made as noted regarding certain future events. As is the case with such assumptions regarding future events and transactions, some or all may not occur as expected, and the resulting differences could be material. We have not examined the underlying assumptions nor have we audited or reviewed the historical data. Consequently, we express no opinion thereon, nor do we have a responsibility to prepare subsequent reports.

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TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

PRO FORMA CASH FLOWS
(Amounts rounded to nearest \$100)

	Calendar Year					
	2015	2016	2017	2018	2019	2020
Operating Receipts						
- User fees (1)	\$26,955,100	\$29,543,500	\$29,543,500	\$29,543,500	\$29,543,500	\$29,543,500
- Other (2)	441,400	441,400	441,400	441,400	441,400	441,400
- Rate increase (3)		3,742,200	5,613,300	5,613,300	5,613,300	5,613,300
Operating Disbursements (4)	(11,696,800)	(12,541,700)	(12,897,000)	(13,062,900)	(13,439,800)	(13,828,000)
Net Operating Receipts	15,699,700	21,185,400	22,701,200	22,535,300	22,158,400	21,770,200
Debt service for outstanding revenue supported bonds (5)	(5,855,400)	(10,678,400)	(10,688,900)	(10,700,300)	(10,708,300)	(10,723,100)
Debt service for proposed revenue supported bonds (6)				(1,652,000)	(2,206,400)	(2,433,500)
Transfer to debt service reserve - outstanding (7)	(1,812,300)	(1,670,700)	(1,623,500)			
Transfer to debt service reserve - proposed (8)				(308,100)	(410,800)	(410,800)
Remaining Amount Available	8,032,000	8,836,300	10,388,800	9,874,900	8,832,900	8,202,800
Transfer to Sanitary District (9)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Revenues required to offset estimated circuit breaker losses (10)	(148,500)	(110,000)		(929,700)	(755,000)	
Proposed BAN payments (11)		(210,000)	(210,000)	(52,500)		
Allowance for replacements and imp. (12)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
PILOT payments (13)	(2,700,000)	(5,000,000)	(4,250,000)	(4,250,000)	(4,250,000)	(4,250,000)
Allowance for cash reserve (14)			(666,700)	(666,700)	(666,600)	
Additional amount available (shortfall)	\$2,683,500	\$1,016,300	\$2,762,100	\$1,476,000	\$661,300	\$1,452,800
Percentage Rate Increase		19%				
Pro Forma Debt Service Coverage	268%	198%	212%	182%	172%	165%
Pro Forma Debt Service Coverage including PILOT	222%	152%	173%	148%	139%	133%
Pro Forma Debt Service Coverage including Sanitary transfers and PILOT (15)	202%	139%	161%	132%	125%	126%
Pro Forma Debt Service Coverage including all necessary transfers and PILOT (16)	171%	124%	146%	129%	122%	122%

(Continued on next page)

(Subject to the attached letter of Umbaugh dated January 6, 2016)

TERRE HAUTE (INDIANA) SANITARY DISTRICT
- Wastewater Utility -

(Cont'd)

PRO FORMA CASH FLOWS
(Explanation of References)

- (1) Based on actual cash collections normalized for the 15% rate increase effective in July 2015. Per utility management, it is assumed that the first month of increased collections from the rate increase is September.
- (2) Assumed at the test year amount less the certification fees.
- (3) Assumes increased collections from the rate increase are first realized in April 2016.
- (4) Assumed at the test year amount adjusted for capital or non-recurring items, normalizing the cash advisory service fee, providing an allowance for \$1,500,000 of additional operating expenses after the WWTP project is complete, adding \$500,000 per year for shared administrative costs starting in 2016 and providing an allowance for \$200,000 of legal expenses from 2015 through 2017. Also provides for a 3% annual inflation adjustment.
- (5) To provide for annual debt service requirements on the outstanding 2011 Bonds, 2012A Bonds, 2012B Bonds and 2015 Bonds.
- (6) To provide for annual debt service requirements on the proposed 2018A Bonds (\$37.8M) and 2018B Bonds (\$6.0M).
- (7) To provide an allowance for the funding of the debt service reserve related to the outstanding bonds.
- (8) To provide an allowance for the funding of the debt service reserve related to the proposed bonds.
- (9) To provide an allowance for transfers to the Sanitary District to cover operating shortfalls due to tax losses.
- (10) To provide an allowance for transfers to the Sanitary District to cover circuit breaker losses and make sufficient funds available for debt service.
- (11) To provide an allowance for the interest on the proposed 2016 BAN. Assumes a \$6,000,000 BAN with a five year term at 3.5% interest. Assumes BAN will be paid off with the issuance of the 2018B Bonds.
- (12) To provide an allowance for replacements and improvements.
- (13) To provide an allowance for payment in lieu of property taxes.
- (14) To provide an allowance for the accumulation of a \$2,000,000 cash reserve from 2017 through 2019.
- (15) With this calculation, net revenues available for debt service are net of transfers to the Sanitary District (including those required to offset circuit breaker losses), proposed BAN payments and PILOT.
- (16) With this calculation, net revenues available for debt service are net of all necessary transfers and payments including transfers to the debt service reserve, transfers to the Sanitary District (including those required to offset circuit breaker losses), proposed BAN payments and PILOT.

(Subject to the attached letter of Umbaugh dated January 6, 2016)

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT

DRAFT COPY

SACKRIDER & COMPANY, INC.

SUBJECT TO FINAL REVIEW

Revised

	Questions/ Comments	Umbaugh 2016	Adjustments	Revised
Components of numerator:				
User fees	1.	\$ 29,543,500	\$ (1,984,900)	\$ 27,558,600
Other fees	1.	441,400	-	441,400
New revenue	9.	3,742,200	(2,242,200)	1,500,000
Operating disbursements - general	2.	(11,309,700)	(1,250,000)	(10,059,700)
Operating disbursements - admin fee to GF	3.	(1,232,000)	(500,000)	(732,000)
PILOT payment to GF	4.	(5,000,000)	(1,000,000)	(4,000,000)
Transfer to Sanitary District		(1,000,000)	-	(1,000,000)
Revenue offset for estimated circuit breaker losses	5.	(110,000)	-	(110,000)
Proposed BAN payments	6.	(210,000)	-	(210,000)
NUMERATOR		<u>\$ 14,865,400</u>	<u>\$ (1,477,100)</u>	<u>\$ 13,388,300</u>
Components of denominator:				
Debt service for O/S revenue supported bonds	7.	\$ 10,678,400	\$ -	\$ 10,678,400
Debt service for proposed revenue supported bonds		-	-	-
DENOMINATOR		<u>\$ 10,678,400</u>	<u>\$ -</u>	<u>\$ 10,678,400</u>
RATIO = NUMERATOR ÷ DENOMINATOR	8.	<u>139.2%</u>		<u>125.4%</u>
REQUIRED RATIO		125%		125%

Questions/Comments

1. City administration and Umbaugh responded to my inquiry on June 28, 2016 that \$28,000,000 of total fees (a decrease of \$1,984,900) was their best estimate at that moment.
2. 2016 amount exceeds 2016 WWU budget by about \$232,000. Contractual services budgeted for 2016 at \$2,700,000 compared to 2015 actual of \$1,625,674 and 1st quarter 2016 actual of \$240,987. Operating disbursements overstated by at least \$1,250,000.
3. 2015 actual was \$732,000. Increase is \$500,000. Remove the increase.
4. 2015 actual was \$2,700,000. Increase is \$2,300,000. Reduce the increase by \$1,000,000.

Observation: Every \$ of Admin fee or PILOT fee paid to general fund requires a \$ of revenue to offset it in this calculation.

2016

Terre Haute, Indiana Sanitary District
Wastewater Utility
June, 2016
Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILO

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SACKRIDER & COMPANY, INC.

Submitted TO FINAL REVIEW

5. Does this relate to Sanitary District property tax revenue? Why does this vary so much from year to year?
6. \$6,000,000 principal x 3.5% interest rate equals \$210,000 annual interest expense.
7. This Debt service for O/S revenue supported bonds amount appears in several Umbaugh reports and appears to be accurate.
8. 139.2% coverage is 14.2% higher than required. This equates to \$1,517,400 of 2016 net excess revenue.
9. The new revenue amount in the Revised column is a forced number that results in the ratio being just over 125%.

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT

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SACKRIDER & COMPANY, INC

SUBJECT TO FINAL REVIEW

	Questions/ Comments	Umbaugh 2017	Adjustments	Revised
Components of numerator:				
User fees	1.	\$ 29,543,500	\$ (1,984,900)	\$ 27,558,600
Other fees	1.	441,400	-	441,400
New revenue	9.	5,613,300	(3,863,300)	1,750,000
Operating disbursements - general	2.	(11,665,000)	(1,250,000)	(10,415,000)
Operating disbursements - admin fee to GF	3.	(1,232,000)	(500,000)	(732,000)
PILOT payment to GF	4.	(4,250,000)	(250,000)	(4,000,000)
Transfer to Sanitary District		(1,000,000)	-	(1,000,000)
Revenue offset for estimated circuit breaker losses	5.	-	-	-
Proposed BAN payments	6.	(210,000)	-	(210,000)
NUMERATOR		\$ 17,241,200	\$ (3,848,200)	\$ 13,393,000
Components of denominator:				
Debt service for O/S revenue supported bonds	7.	\$ 10,688,900	\$ -	\$ 10,688,900
Debt service for proposed revenue supported bonds		-	-	-
DENOMINATOR		\$ 10,688,900	\$ -	\$ 10,688,900
RATIO = NUMERATOR ÷ DENOMINATOR	8.	161.3%		125.3%
REQUIRED RATIO		125%	125%	125%

Questions/Comments

1. City administration and Umbaugh responded to my inquiry on June 28, 2016 that \$28,000,000 of total fees (a decrease of \$1,984,900) was their best estimate at that moment.
2. 2016 amount exceeds 2016 WWU budget by about \$232,000. Contractual services budgeted for 2016 at \$2,700,000 compared to 2015 actual of \$1,625,674 and 1st quarter 2016 actual of \$240,987. Operating disbursements overstated by at least \$1,250,000.
3. 2015 actual was \$732,000. Increase is \$500,000. Remove the increase.
4. 2015 actual was \$2,700,000. Increase is \$1,550,000 over 2015. Reduce the total to \$4,000,000.

Observation: Every \$ of Admin fee or PILOT fee paid to general fund requires a \$ of revenue to offset it in this calculation.

2017

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and P.I.O.T. - Continued

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SACKRIDER & COMPANY, INC

SUBJECT TO FINAL REVIEW

5. Does this relate to Sanitary District property tax revenue? Why does this vary so much from year to year?
6. \$6,000,000 principal x 3.5% interest rate equals \$210,000 annual interest expense.
7. This Debt service for O/S revenue supported bonds amount appears in several Umbaugh reports and appears to be accurate.
8. 161.3% coverage is 36.3% higher than required. This equates to \$3,880,075 of 2017 net excess revenue.
9. The new revenue amount in the Revised column is a forced number that results in the ratio being just over 125%.

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT

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SACKERDORF & COMPANY, INC.

	Questions/ Comments	Umbaugh 2018	SUBJECT TO FINAL REVIEW Adjustments	Revised
Components of numerator:				
User fees	1.	\$ 29,543,500	\$ (1,984,900)	\$ 27,558,600
Other fees	1.	441,400	-	441,400
New revenue	10.	5,613,300	(813,300)	4,800,000
Operating disbursements - general	2.	(11,830,900)	(1,250,000)	(10,580,900)
Operating disbursements - admin fee to GF	3.	(1,232,000)	(500,000)	(732,000)
PILOT payment to GF	4.	(4,250,000)	(250,000)	(4,000,000)
Transfer to Sanitary District		(1,000,000)	-	(1,000,000)
Revenue offset for estimated circuit breaker losses	5.	(929,700)	-	(929,700)
Proposed BAN payments	6.	(52,500)	-	(52,500)
NUMERATOR		<u>\$ 16,303,100</u>	<u>\$ (798,200)</u>	<u>\$ 15,504,900</u>
Components of denominator:				
Debt service for O/S revenue supported bonds	7.	\$ 10,700,300	\$ -	\$ 10,700,300
Debt service for proposed revenue supported bonds	8.	1,652,000	-	1,652,000
DENOMINATOR		<u>\$ 12,352,300</u>	<u>\$ -</u>	<u>\$ 12,352,300</u>
RATIO = NUMERATOR ÷ DENOMINATOR	9.	<u>132.0%</u>		<u>125.3%</u>
REQUIRED RATIO		125%	125%	125%

Questions/Comments

1. City administration and Umbaugh responded to my inquiry on June 28, 2016 that \$28,000,000 of total fees (a decrease of \$1,984,900) was their best estimate at that moment.
2. 2016 amount exceeds 2016 WWU budget by about \$232,000. Contractual services budgeted for 2016 at \$2,700,000 compared to 2015 actual of \$1,625,674 and 1st quarter 2016 actual of \$240,987. Operating disbursements overstated by at least \$1,250,000.
3. 2015 actual was \$732,000. Increase is \$500,000. Remove the increase.
4. 2015 actual was \$2,700,000. Increase is \$1,550,000 over 2015. Reduce the total to \$4,000,000.

Observation: Every \$ of Admin fee or PILOT fee paid to general fund requires a \$ of revenue to offset it in this calculation.

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT - Continued

DRAFT COPY

SACKRIDER & COMPANY, INC.

SUBJECT TO FINAL REVIEW

5. Does this relate to Sanitary District property tax revenue? Why does this vary so much from year to year?
6. \$6,000,000 principal x 3.5% interest rate equals \$210,000 annual interest expense.
7. This Debt service for O/S revenue supported bonds amount appears in several Umbaugh reports and appears to be accurate.
8. This Debt service for proposed revenue supported bonds comes from Umbaugh's January 6, 2016 report and is accepted as accurate.
9. 132.0% coverage is 7.0% higher than required. This equates to \$862,725 of 2018 net excess revenue.
10. The new revenue amount in the Revised column is a forced number that results in the ratio being just over 125%.

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT

DRAFT COPY

BACKRIDER & COMPANY, INC

SUBJECT TO FINAL REVIEW

	Questions/ Comments	Umbaugh 2019	Adjustments	Revised
Components of numerator:				
User fees	1.	\$ 29,543,500	\$ (1,984,900)	\$ 27,558,600
Other fees	1.	441,400	-	441,400
New revenue	9.	5,613,300	-	5,613,300
Operating disbursements - general	2.	(12,207,800)	(1,250,000)	(10,957,800)
Operating disbursements - admin fee to GF	3.	(1,232,000)	(500,000)	(732,000)
PILOT payment to GF	4.	(4,250,000)	(250,000)	(4,000,000)
Transfer to Sanitary District		(1,000,000)	-	(1,000,000)
Revenue offset for estimated circuit breaker losses	5.	(755,000)	-	(755,000)
Proposed BAN payments	6.	-	-	-
NUMERATOR		<u>\$ 16,153,400</u>	<u>\$ 15,100</u>	<u>\$ 16,168,500</u>
Components of denominator:				
Debt service for O/S revenue supported bonds	7.	\$ 10,708,300	\$ -	\$ 10,708,300
Debt service for proposed revenue supported bonds	8.	2,206,400	-	2,206,400
DENOMINATOR		<u>\$ 12,914,700</u>	<u>\$ -</u>	<u>\$ 12,914,700</u>
RATIO = NUMERATOR ÷ DENOMINATOR		<u>125.1%</u>		<u>125.2%</u>
REQUIRED RATIO		125%		125%

Questions/Comments

1. City administration and Umbaugh responded to my inquiry on June 28, 2016 that \$28,000,000 of total fees (a decrease of \$1,984,900) was their best estimate at that moment.
2. 2016 amount exceeds 2016 WWU budget by about \$232,000. Contractual services budgeted for 2016 at \$2,700,000 compared to 2015 actual of \$1,625,674 and 1st quarter 2016 actual of \$240,987. Operating disbursements overstated by at least \$1,250,000.
3. 2015 actual was \$732,000. Increase is \$500,000. Remove the increase.
4. 2015 actual was \$2,700,000. Increase is \$1,550,000 over 2015. Reduce the total to \$1,000,000.

Observation: Every \$ of Admin fee or PILOT fee paid to general fund requires a \$ of revenue to offset it in this calculation.

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT - Continued

DRAFT COPY

SACKRIDER & COMPANY, INC.

SUBJECT TO FINAL REVIEW

5. Does this relate to Sanitary District property tax revenue? Why does this vary so much from year to year?
6. \$6,000,000 principal x 3.5% interest rate equals \$210,000 annual interest expense.
7. This Debt service for O/S revenue supported bonds amount appears in several Umbaugh reports and appears to be accurate.
8. This Debt service for proposed revenue supported bonds comes from Umbaugh's January 6, 2016 report and is accepted as accurate.
9. The new revenue amount in the Revised column is a forced number that results in the ratio being just over 125%.

Terre Haute, Indiana Sanitary District

Wastewater Utility

June, 2016

Analysis of Pro Forma Debt Service Coverage

Including Sanitary Transfers and PILOT SACKRIDER & COMPANY, INC

DRAFT COPY

SUBJECT TO FINAL REVIEW

	Questions/ Comments	Umbaugh 2020	Adjustments	Revised
Components of numerator:				
User fees	1.	\$ 29,543,500	\$ (1,984,900)	\$ 27,558,600
Other fees		441,400	-	441,400
New revenue	9.	5,613,300	-	5,613,300
Operating disbursements - general	2.	(12,596,000)	(1,250,000)	(11,346,000)
Operating disbursements - admin fee to GF	3.	(1,232,000)	(500,000)	(732,000)
PILOT payment to GF	4.	(4,250,000)	(250,000)	(4,000,000)
Transfer to Sanitary District		(1,000,000)	-	(1,000,000)
Revenue offset for estimated circuit breaker losses	5.	-	-	-
Proposed BAN payments	6.	-	-	-
NUMERATOR		<u>\$ 16,520,200</u>	<u>\$ 15,100</u>	<u>\$ 16,535,300</u>
Components of denominator:				
Debt service for O/S revenue supported bonds	7.	\$ 10,723,100	\$ -	\$ 10,723,100
Debt service for proposed revenue supported bonds	8.	2,433,500	-	2,433,500
DENOMINATOR		<u>\$ 13,156,600</u>	<u>\$ -</u>	<u>\$ 13,156,600</u>
RATIO = NUMERATOR ÷ DENOMINATOR		<u>125.6%</u>		<u>125.7%</u>
REQUIRED RATIO		125%		125%

Questions/Comments

1. City administration and Umbaugh responded to my inquiry on June 28, 2016 that \$28,000,000 of total fees (a decrease of \$1,984,900) was their best estimate at that moment.
2. 2016 amount exceeds 2016 WWU budget by about \$232,000. Contractual services budgeted for 2016 at \$2,700,000 compared to 2015 actual of \$1,625,674 and 1st quarter 2016 actual of \$240,987. Operating disbursements overstated by at least \$1,250,000.
3. 2015 actual was \$732,000. Increase is \$500,000. Remove the increase.
4. 2015 actual was \$2,700,000. Increase is \$1,550,000 over 2015. Reduce the total to \$1,000,000.

Observation: Every \$ of Admin fee or PILOT fee paid to general fund requires a \$ of revenue to offset it in this calculation.

2020

Terre Haute, Indiana Sanitary District
Wastewater Utility
June, 2016
Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT - Continued

DRAFT COPY

5. Does this relate to Sanitary District property tax revenue? Why does it only come out every year?
6. \$6,000,000 principal x 3.5% interest rate equals \$210,000 annual interest expense.
7. This Debt service for O/S revenue supported bonds amount appears in several Umbaugh reports and appears to be accurate.
8. This Debt service for proposed revenue supported bonds comes from Umbaugh's January 6, 2016 report and is accepted as accurate.
9. The new revenue amount in the Revised column is a forced number that results in the ratio being just over 125%.

Terre Haute, Indiana Sanitary District

Wastewater Utility

2016

Analysis of Pro Forma Debt Service Coverage
Including Sanitary Transfers and PILOT

	2016 WWU Budget	Corrections	2016 Corrected	Revisions	2016 Revised
Components of numerator:					
User and other fees	\$ 31,050,000 B.	\$ (3,050,000) C.	\$ 28,000,000 C.	\$ -	\$ 28,000,000 C.
Operating disbursements - general	(11,077,511) A.	1,000,000 D.	(10,077,511)	-	(10,077,511)
Operating disbursements - admin fee to GF	(1,232,000) A.	-	(1,232,000)	500,000 E.	(732,000)
PILOT payment to GF	(5,000,000) A.	-	(5,000,000)	2,200,000 F.	(2,800,000)
Transfer to Sanitary District	(1,000,000) A.	-	(1,000,000)	-	(1,000,000)
NUMERATOR	\$ 12,740,489	\$ (2,050,000)	\$ 10,690,489	\$ 2,700,000	\$ 13,390,489
Components of denominator:					
Debt service for G/S revenue supported bonds (DENOMINATOR)	\$ 5,862,624 A.	\$ 4,815,776 G.	\$ 10,678,400 G		\$ 10,678,400
RATIO = NUMERATOR - DENOMINATOR	217.3%		100.1%		125.4%
REQUIRED RATIO	125.0%		125.0%		125.0%

A From March 31, 2016 WWU Departmental Statement of Activities Enclosed.

B From 2016 WWU Budget Form 2 enclosed.

C Adjust total revenue to \$28,000,000 per emails from Mayor Bennett and Deen Rodgers from Umbaugh.

D Adjust for projected underspend in Contractual Services account.

E Revise to remove 2016 increase

F Revise to remove most of 2016 increase. Forced amount so that 125% coverage ratio is met.

G Adjusted to debt service amount used by Deen Rodgers from Umbaugh in their calculations.
\$10,676,400 total appears to be accurate per various Umbaugh reports.

Select...: XXXX-XXXX-XX-XXX.XXX
GLBOPRE.L02 Page 84

City of Terre Haute
Departmental Statement of Activities

date: 05/17/2016
05/15

0620 0061 WASTEWATER TREATMENT PLANT

X *MARCH 2014*

Acct Num	Year-to-Date Actual	Original Budget	Fiscal year thru period ending 03/31/2016 Appropriations/ Transfers	Total Revised Budget	Amount Remaining	Percentage Used
0620-0061-00-320.110 WATP SEWER PERMIT	380.00	.00	.00	.00	(380.00)	.00
0620-0061-00-322.070 SEWER PERMIT - TAP ON	43,549.68	.00	.00	.00	(43,549.68)	.00
0620-0061-00-340.330 SEPTIC HAULTR	59,672.07	.00	.00	.00	(59,672.07)	.00
0620-0061-00-340.370 LAB ANALYSIS	781.08	.00	.00	.00	(781.08)	.00
0620-0061-00-347.085 RILEY OPERATIONAL FEES	9,166.66	.00	.00	.00	(9,166.66)	.00
0620-0061-00-347.086 WEST TERRE HAUTE OPERATION FEE	18,750.00	.00	.00	.00	(18,750.00)	.00
0620-0061-00-347.090 USER FEES	6,981,869.82	.00	.00	.00	(6,981,869.82)	.00
0620-0061-00-350.010 OTHER REVENUE	109,585.81	.00	.00	.00	(109,585.81)	.00
0620-0061-00-399.010 SALE OF SCRAP	534.00	.00	.00	.00	(534.00)	.00
0620-0061-00 WASTEWATER TREATMENT PLANT WASTEWATER	7,224,289.12	.00	.00	.00	(7,224,289.12)	.00
Total Revenue	7,224,289.12	.00	.00	.00	(7,224,289.12)	.00
0620-0061-01-412.003 CONSTRUCTION	60,799.56	378,572.00	.00	378,572.00	317,772.44	.16
0620-0061-01-412.010 DEPARTMENT HEAD	16,905.80	73,259.00	.00	73,259.00	56,353.10	.23
0620-0061-01-412.019 SEWER WORKS	13,368.94	90,111.00	.00	90,111.00	76,752.06	.15
0620-0061-01-412.050 MECHANIC	9,133.62	35,727.00	.00	35,727.00	26,593.38	.26
0620-0061-01-412.082 COLLECTIONS	113,733.90	400,392.00	.00	400,392.00	286,658.10	.28
0620-0061-01-412.083 BUILDING & GROUNDS	80,686.57	275,144.00	.00	275,144.00	194,457.43	.29
0620-0061-01-412.084 OPERATIONS	115,877.50	497,789.00	.00	497,789.00	377,911.50	.24
0620-0061-01-412.085 MAINTENANCE	109,735.26	580,418.00	.00	580,418.00	470,682.74	.19
0620-0061-01-412.093 PROJECT ANALYST	.00	22,000.00	.00	22,000.00	22,000.00	.00
0620-0061-01-412.093 LEAD SUPERVISOR COLLECTIONS	.00	46,000.00	.00	46,000.00	46,000.00	.00
0620-0061-01-412.105 PART TIME EMPLOYEES	7,686.00	47,000.00	.00	47,000.00	39,314.00	.16
0620-0061-01-412.129 OVERTIME	61,007.40	270,536.00	.00	270,536.00	209,528.60	.23
0620-0061-01-412.184 PRE-TREATMENT SUPERVISOR	12,477.00	54,067.00	.00	54,067.00	41,590.00	.23
0620-0061-01-412.185 OPERATIONS SUPERVISOR	12,477.00	54,067.00	.00	54,067.00	41,590.00	.17
0620-0061-01-412.204 ASST FINANCIAL ANALYST	23,673.12	138,168.00	.00	138,168.00	114,494.88	.23
0620-0061-01-412.206 PRETREATMENT ASSISTANT	9,357.66	40,550.00	.00	40,550.00	31,192.34	.23
0620-0061-01-412.209 SAFETY COORDINATOR	12,461.52	54,000.00	.00	54,000.00	41,538.48	.23
0620-0061-01-412.212 LAB TECHNICIANS	28,421.42	168,207.00	.00	168,207.00	139,785.58	.17
0620-0061-01-412.250 CELL PHONE	3,250.00	17,000.00	.00	17,000.00	13,750.00	.19
0620-0061-01-413.010 EMPLOYER SOCIAL SECURITY	41,155.32	200,024.00	.00	200,024.00	158,868.68	.21
0620-0061-01-413.020 EMPLOYER MEDICARE	9,625.02	46,780.00	.00	46,780.00	37,154.98	.21
0620-0061-01-413.030 EMPLOYER GROUP HEALTH INS	169,693.62	770,000.00	.00	770,000.00	600,306.38	.22

Run date: 05/26/2016 @ 09:15
 Bus date: 05/17/2016

City of Terre Haute
 Departmental Statement of Activities

Select...: AXXXX-XXXX-XX-XXX-XXX
 GLBOPRE.L02 Page 85

0620 0061 WASTEWATER TREATMENT PLANT
 X

Acc# Num	Year-to-Date Actual	Original Budget	Fiscal year thru period ending 03/31/2016 Appropriations/ Transfers	Total Revised Budget	Amount Remaining	Percentage Used
0620-0061-01-413-040 EMPLOYER DENTAL INSURANCE	9,313.59	35,000.00	.00	35,000.00	25,686.41	.27
0620-0061-01-413-050 EMPLOYER LIFE INSURANCE	1,398.66	6,000.00	.00	6,000.00	4,601.34	.23
0620-0061-01-413-060 EMPLOYER PERF	75,980.25	350,000.00	.00	350,000.00	274,019.75	.22
0620-0061-01-414-010 LAUNDRY & UNIFORMS	4,129.06	15,000.00	.00	15,000.00	10,870.94	.28
0620-0061-01-414-020 PROTECTIVE CLOTHING	2,118.50	26,000.00	.00	26,000.00	23,881.50	.08
0620 0061-01 WASTEWATER TREATMENT PLANT WASTEWATER	1,008,456.39	4,691,811.00	.00	4,691,811.00	3,683,354.61	.21
0620-0061-02-421-010 OFFICE SUPPLIES	1,331.86	6,000.00	.00	6,000.00	4,668.14	.22
0620-0061-02-421-170 CHEMICALS	.00	150,000.00	.00	150,000.00	150,000.00	.00
0620-0061-02-422-005 OPERATING SUPPLIES	30,885.37	310,000.00	.00	310,000.00	279,114.63	.10
0620-0061-02-422-010 GASOLINE	6,810.06	80,000.00	.00	80,000.00	73,189.94	.09
0620-0061-02-422-020 DIESEL FUEL	6,878.02	75,000.00	.00	75,000.00	68,121.98	.09
0620-0061-02-422-110 BOC	999.59	5,000.00	.00	5,000.00	4,000.41	.20
0620-0061-02-422-130 GREASE SUPPLIES	.00	10,000.00	.00	10,000.00	10,000.00	.00
0620-0061-02-422-160 LAB SUPPLIES	4,706.35	40,000.00	.00	40,000.00	35,293.65	.12
0620-0061-02-423-015 REPAIR SUPPLIES	61,941.17	400,000.00	.00	400,000.00	338,058.83	.15
0620-0061-02 WASTEWATER TREATMENT PLANT WASTEWATER	113,552.42	1,076,000.00	.00	1,076,000.00	962,447.58	.11
0620-0061-03-432-010 SERVICES CONTRACTUAL	240,986.90	2,700,000.00	.00	2,700,000.00	2,459,013.10	.09
0620-0061-03-432-015 ADMINISTRATIVE FEES	163,000.00	1,232,000.00	.00	1,232,000.00	1,049,000.00	.15
0620-0061-03-432-016 WMTF PILOT FEE	.00	5,000,000.00	.00	5,000,000.00	5,000,000.00	.00
0620-0061-03-432-020 INSTRUCTION	.00	8,500.00	.00	8,500.00	8,500.00	.00
0620-0061-03-432-060 MEDICAL-SURGICAL-DENTAL	222.00	5,200.00	.00	5,200.00	4,978.00	.04
0620-0061-03-432-071 LAB TESTING	3,920.60	30,000.00	.00	30,000.00	26,079.40	.13
0620-0061-03-432-072 SYCAMORE RIDGE LANDFILL	45,475.70	75,000.00	.00	75,000.00	29,524.30	.61
0620-0061-03-432-073 BIOSOLIDS TO LANDFILL	.00	100,000.00	.00	100,000.00	100,000.00	.00
0620-0061-03-432-540 PERMIT FEES	11,900.00	18,000.00	.00	18,000.00	6,100.00	.66
0620-0061-03-433-010 TELEPHONE	2,886.34	8,000.00	.00	8,000.00	5,113.66	.36
0620-0061-03-433-020 POSTAGE	91.03	4,000.00	.00	4,000.00	3,908.97	.02
0620-0061-03-433-030 TRAVEL	.00	2,500.00	.00	2,500.00	2,500.00	.00
0620-0061-03-433-040 FREIGHT	2,035.32	20,000.00	.00	20,000.00	17,964.68	.10
0620-0061-03-434-010 PRINTING	.00	1,000.00	.00	1,000.00	1,000.00	.00
0620-0061-03-434-030 PUBLICATION OF LEGAL NOTICES	.00	1,500.00	.00	1,500.00	1,500.00	.00
0620-0061-03-435-010 WORKERS' COMP	3,873.64	106,000.00	.00	106,000.00	102,126.36	.04
0620-0061-03-435-020 UNEMPLOYMENT	.00	10,000.00	.00	10,000.00	10,000.00	.00
0620-0061-03-435-030 INSURANCE GENERAL PROP & LIAB	19,004.41	110,000.00	.00	110,000.00	90,995.59	.17
0620-0061-03-436-010 ELECTRIC UTILITY	372,645.39	1,600,000.00	.00	1,600,000.00	1,227,354.61	.23

Run date: 05/26/2016 @ 09:15
 Bus date: 05/17/2016

City of Terre Haute
 Departmental Statement of Activities

Select.: AXXXX-XXXX-XX-XXX.XXX
 GLSDPRE.L02 Page 66

0620 0061 WASTEWATER TREATMENT PLANT
 X

Acct Num	Year-to-Date Actual	Fiscal year thru period ending 03/31/2016			Percentage Used
		Original Budget	Appropriations/ Transfers	Total Revised Budget	
0620-0061-03-436-020 GAS UTILITY	37,009.88	70,000.00	.00	70,000.00	.53
0620-0061-03-436-030 WATER UTILITY	2,191.93	15,000.00	.00	15,000.00	.15
0620-0061-03-437-010 EQUIPMENT REPAIR & MAINTENANCE	2,697.47	210,000.00	.00	210,000.00	.01
0620-0061-03-437-030 VEHICLE REPAIR & MAINTENANCE	1,023.20	30,000.00	.00	30,000.00	.03
0620-0061-03-438-010 RENTAL OF EQUIPMENT	30,169.72	185,000.00	.00	185,000.00	.16
0620-0061-03 WASTEWATER TREATMENT PLANT WASTEWATER	959,133.53	11,541,700.00	.00	11,541,700.00	.08
0620-0061-04-442-030 IMPROVEMENTS - BUILDINGS	.00	10,000.00	.00	10,000.00	.00
0620-0061-04-443-020 IMPROVEMENTS - NON BUILDING	.00	10,000.00	.00	10,000.00	.00
0620-0061-04-444-010 PURCHASE OF EQUIPMENT	46,934.70	251,601.00	.00	251,601.00	.19
0620-0061-04-444-030 PURCHASE OF COMPUTER EQUIPMENT	.00	14,748.00	.00	14,748.00	.00
0620-0061-04-444-080 PURCHASE OF VEHICLES	.00	150,000.00	.00	150,000.00	.00
0620-0061-04-444-180 PURCHASE OF SAFETY EQUIPMENT	1,053.93	7,961.00	.00	7,961.00	.13
0620-0061-04-445-040 REPLACEMENT OF LAB EQUIPMENT	.00	19,076.00	.00	19,076.00	.00
0620-0061-04-445-050 PRETREAT	.00	7,500.00	.00	7,500.00	.00
0620-0061-04 WASTEWATER TREATMENT PLANT WASTEWATER	47,988.63	470,886.00	.00	470,886.00	.10
0620-0061-06-450-000 TRANSFER TO DEBT SERVICE (0619)	405,876.00	1,626,564.00	.00	1,626,564.00	.25
0620-0061-06-460-004 TRANSFER TO RD & INT SRF (0612)	235,917.00	944,484.00	.00	944,484.00	.25
0620-0061-06-460-005 TRANSFER TO DEBT SERVICE (0613)	47,181.00	188,832.00	.00	188,832.00	.25
0620-0061-06-460-006 TRANSFER TO BOND & INT (0618)	1,952,136.00	2,982,540.00	.00	2,982,540.00	.65
0620-0061-06-460-009 TRANSFER TO BOND & INT (0623)	19,515.00	78,060.00	.00	78,060.00	.25
0620-0061-06-460-501 TRANSFER TO RD SINKING FD (0611)	.00	1,857,540.00	.00	1,857,540.00	.00
0620-0061-06-460-533 TRANSFER TO SANITARY DIST (0298)	.00	1,000,000.00	.00	1,000,000.00	.00
0620-0061-06 WASTEWATER TREATMENT PLANT WASTEWATER	2,660,625.00	8,678,020.00	.00	8,678,020.00	.31

Total Expenditure

4,789,755.97	26,458,417.00	.00	26,458,417.00	21,668,661.03	.19
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Net revenue over (under) expenses

2,434,533.15	(26,458,417.00)	.00	(26,458,417.00)	(28,892,950.15)	.09
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ADMIN FEE TO GF
 PILOT FEE TO GF
 TRANSFER TO SD
 DEBT SERVICE TRANSFER
 DEBT SERVICE RESERVE
 TRANSFERS
 CAPITAL OUTLAY
 OPERATING DISBURSEMENTS
 1,232,900 A
 5,000,000 B
 1,000,000 C
 5,642,624 Z40
 1,915,396 Z40
 470,886 F
 11,541,700 F
 26,458,417
 Exhibit D--Page 4

Budget Form 2 - Estimate of Miscellaneous Revenue

Year: 2016 County: Vigo Unit: 0106 - Terre Haute Civil City

Fund: 9562 - WASTEWATER TREATMENT

R420	Sewage Fees	\$16,550,000	\$31,050,000
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